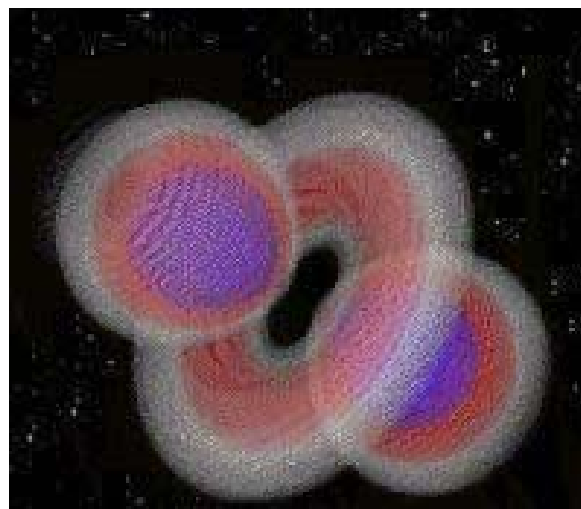




Investor Presentation



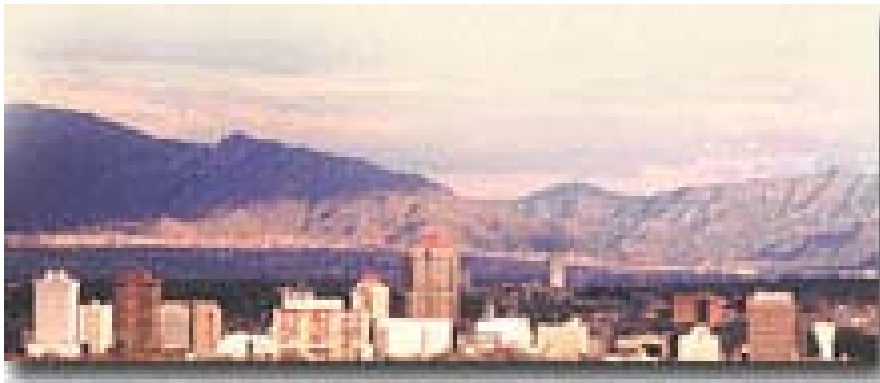
www.mesofuel.com

1001 Menaul NE, Albuquerque, NM 87107

(505) 314-8145

MesoFuel Today

- Operating company with 14 employees
- Second year of operation
- Expected FY'03 revenues of \$1.1M
- Near cash-flow breakeven status now
- First 2 product prototypes completed successfully
- 5,000 ft² leased office, laboratory, and manufacturing facility



Why the Recent Interest in a Hydrogen Economy?

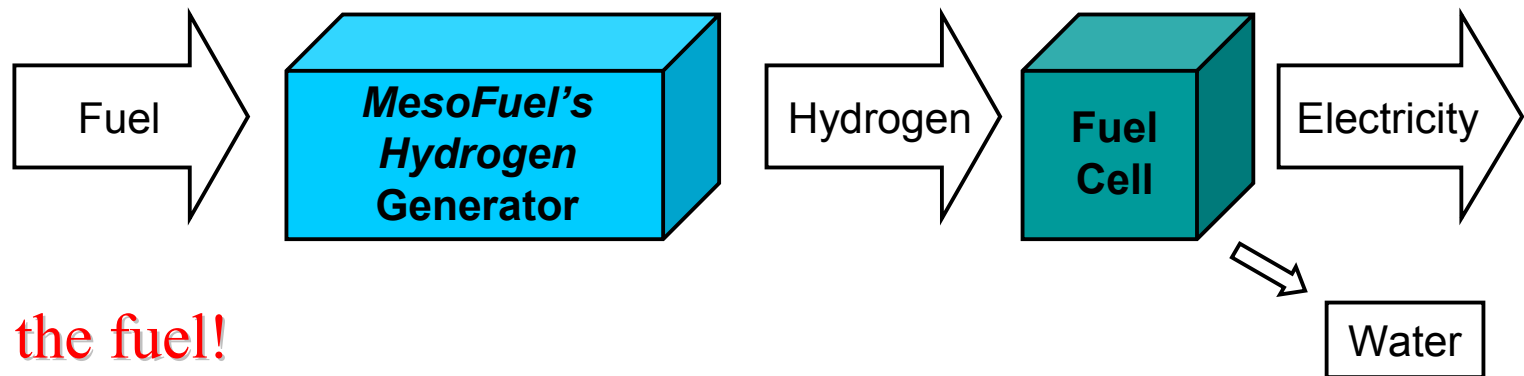
Today's energy is hydrocarbon-based...

- Energy security
- Limited resource
- Pollution
- Aging infrastructure



Why the Recent Interest in Fuel Cells?

- Fuel is not burned
- No pollution
- So what's the problem?



- It's the fuel!
- No 'gas stations' for the fuel cells
- MesoFuel solves this problem and this need

Product Vision

MesoFuel has developed two broad product lines:

- Multi-Fuel portable Hydrogen Generators
 - Pure H₂ stream (99.99%) – for PEMFC
 - Reformate stream (75% Purity) – for SOFC
- For supplying hydrogen at a scale that permits market entry now into premium portable electric markets
 - Where on-site H₂ cannot be produced by others
 - Where long run-times preclude batteries
 - Where energy can be transported in a form already familiar and in existence (propane, diesel, aviation fuel)

MesoFuel's Competition

Gas Cylinders:

- Bulky
- Distribution costs
- Dangerous



MesoFuel:

- New 'meso-scale' technology
- Membrane reactor
- Size: stack of business cards



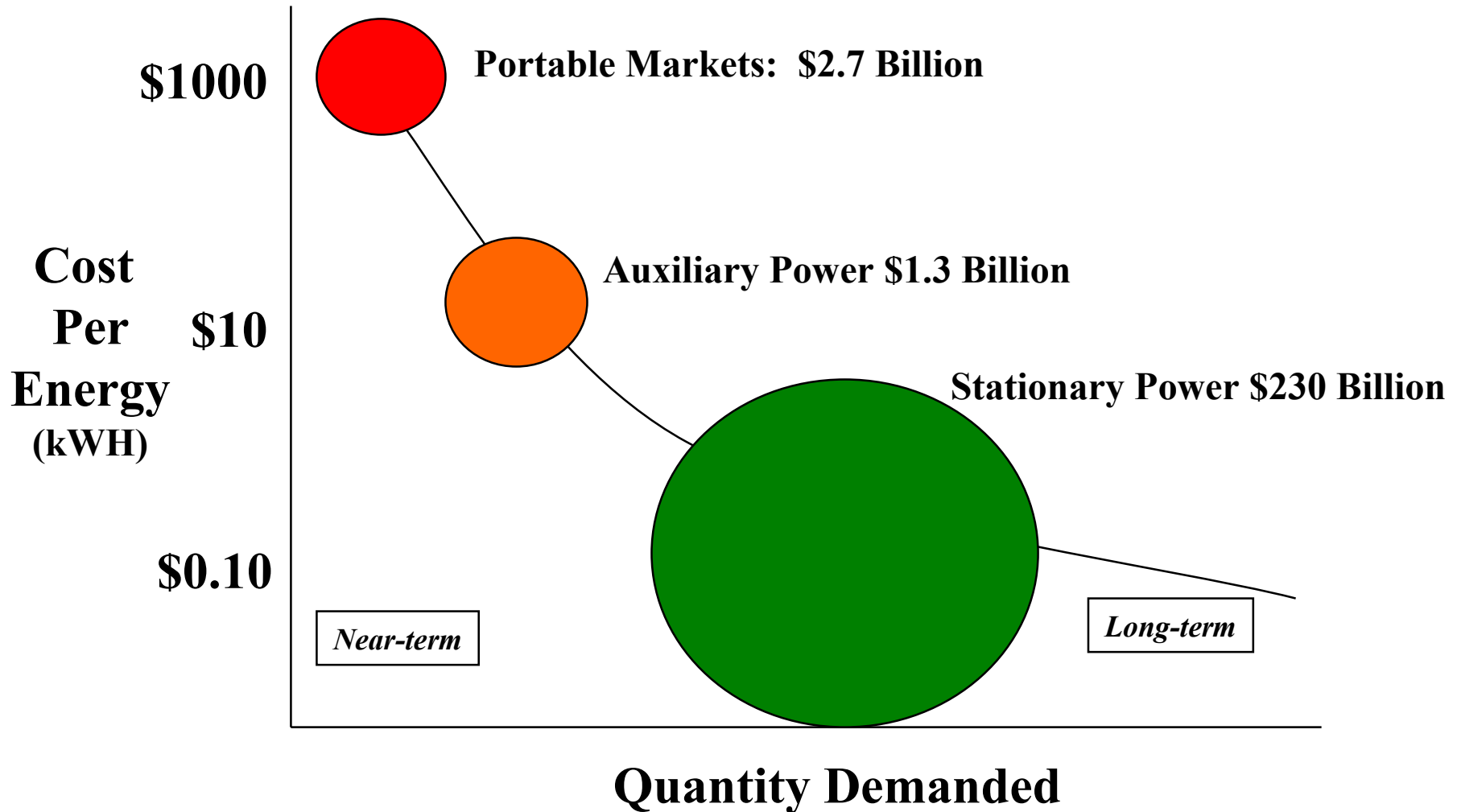
Prototype Power System



Prototype Hydrogen Generator & Fuel Cell
– electricity directly from common liquid fuels

Target Markets

Annual Revenue Potential Exceeds \$300M



Early Target Markets (TAMs) and Timing

Early value proposition is in high-value applications:

- Surveillance market – \$2.5B/yr
- Military market – \$4.5B/yr
- Recreation market – \$6.1B/yr



Market timing:

- Beta-prototype units – Q3 2003
- Early production units – Q1 2004
- Market introduction – Q3 2004



MesoFuel's Value Proposition

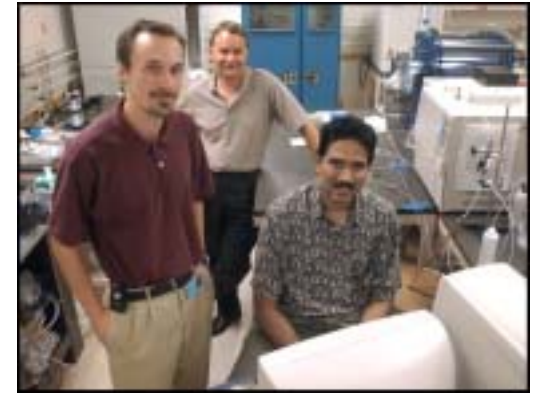
- On-site, on-demand hydrogen
- Far longer run-time than batteries
- Multi-fuel
- No moving parts, compact, silent
- High purity H₂
- Virtually no emissions
- Scalable from 50 W to 5000 W
- Strong IP protection (8 patent applications, 7 licenses, 6 trademarks, 17 disclosures)



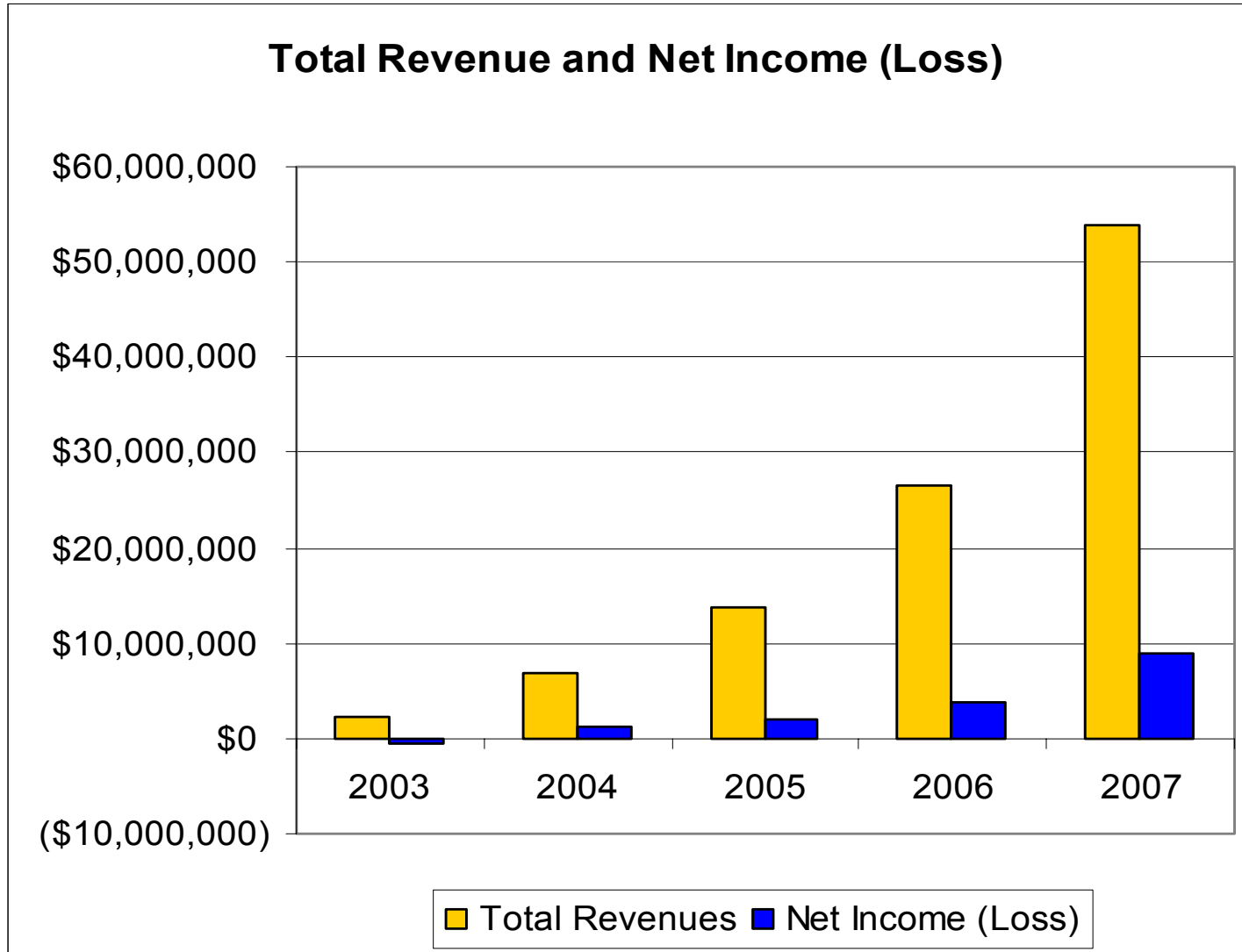
Experienced Management Team

Strong management team that has worked together previously

- Ned Godshall, PhD, MBA: **CEO**, veteran entrepreneur with 9 years entrepreneurial experience in several start-ups
- Blake Ridgeway, MBA: **CFO**
- Anand Chellappa, PhD: **CTO**
- Doyle Miller, BA: **VP Business Dev.**
- Thomas Vencill, MS: **Dir. of Engineering**
- Phyllis Blair, MBA 04: **Dir. of Finance**



MesoFuel's 5 Year Pro Formas



Investment Opportunity

- \$3.8M Series A investment
- Syndicate led by Murphree VP, Houston
- Close in Q1 2004
- Use of funds: manufacturing scale-up, market roll-out, & IP protection
- Projected ROI of 6X – 10X by year 5
- Investor exit strategy: acquisition by energy or industrial gas company



The Investment Opportunity

MesoFuel, Inc. is the only:

- Investable
- Venture-Backed
- Multi-fuel
- On-site
- Portable
- Hydrogen Generation Products
- Company in the World



Why Consider an Investment in *MesoFuel*?

- A key, enabling technology in the hydrogen economy
- Attractive valuation and exit options
- Company has break-even revenue and cash flow today
- A low-cost ‘call’ on the hydrogen economy of tomorrow
- Strong technology platform and roadmap
- Compelling market positioning
- Strong management, business & technical teams

Please Contact Us for Investment Information

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- Dennis E. Murphree, Director
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dmurphree@murphreeventures.com



I don't know

Use of Investment Proceeds

Conversion of Existing Bridge Loans: \$700K

New Money:

➤ Manufacturing and laboratory equipment:	\$950K
➤ Technical and manufacturing staff additions:	\$550K
➤ Marketing roll-out/ sales/ distribution:	\$650K
➤ Stock redemption/ stock retirement:	\$280K
➤ Intellectual Property (IP) expansion:	\$420K
➤ Cash Contingency Reserve:	<u>\$250K</u>
Total:	\$3,800K

Proceeds will be used for business expansion – not current operations

MesoFuel's HG/ FC Prototype

The 'battery killer'

